

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

September 22, 2010

Jeffrey Smedberg
Santa Cruz County
701 Ocean Street, Room 410
Santa Cruz, CA 95060

RE: FINAL AUDIT REPORT – SANTA CRUZ COUNTY (CEWID 100946)

Dear Mr. Smedberg:

Enclosed is the final audit report of Santa Cruz County, regarding the Covered Electronic Waste Recovery and Recycling Program. The audit was planned and performed to determine conformance with the regulations resulting from the Electronic Waste Recycling Act of 2003. The period of review for this audit was January 1, 2008 through December 31, 2008.

The following finding was identified:

- Incomplete Collection Log

The response by Santa Cruz County to the draft audit report on September 10, 2010, along with the evaluation of the response is included in this final report. The response did address your corrective action to the finding.

A copy of this letter is being forwarded to the Covered Electronic Waste Recovery and Recycling Program for information and any necessary action, if required.

(Over)



Jeffrey Smedberg
September 22, 2010
Page 2

Please contact Gladys Onejeme, Auditor, at (916) 324-6892 or
gladys.onejeme@calrecycle.ca.gov with any questions regarding this report.

Sincerely,



Susan R. Villa, Chief
Fiscal Services Branch
Administration and Finance Division

Enclosure

cc: Tom Estes, Deputy Director, Administration and Finance Division, CalRecycle
Jeff Hunts, Manager, E-Waste Branch, CalRecycle
Brian Kono, Manager, Audits and Evaluations, CalRecycle
Gladys Onejeme, Auditor, Audits and Evaluations, CalRecycle

AN ELECTRONIC WASTE AUDIT

Santa Cruz County

Electronic Waste Recovery and Recycling Account

Final Audit Report

Recycler Payment Claim: ECS Refining

**For the Period January 1, 2008
Through December 31, 2008**

**Prepared By:
Department of Resources Recycling and Recovery
Audits and Evaluations**

September 2010

TABLE OF CONTENTS

FINAL AUDIT REPORT

SUMMARY	1
BACKGROUND	1
OBJECTIVE, SCOPE, AND METHODOLOGY	1
CONCLUSION	2
VIEW OF RESPONSIBLE OFFICIAL	2
RESTRICTED USE	2
FINDING AND RECOMMENDATION	3
ATTACHMENT – Auditee's Response to Draft Audit Report	

**Santa Cruz County (CEWID 100946)
Covered Electronic Waste Recovery and Recycling Program**

SUMMARY

The Department of Resources Recycling and Recovery (CalRecycle) processed and paid a claim, in the amount of \$230,468.16, submitted by ECS Refining; an electronic waste recycler. Santa Cruz County, an electronic waste collector, provided covered electronic waste (CEW), in the amount of \$37,525.00, to ECS Refining for payment. The payments issued by CalRecycle are funded by the Electronic Waste Recovery and Recycling Account.

CalRecycle's Audits and Evaluations reviewed records related to the appropriateness of expenditures of the Electronic Waste Recovery and Recycling Account, for the period of January 1, 2008 through December 31, 2008.

BACKGROUND

Santa Cruz County, an approved collector for the Electronic Waste Recovery and Recycling Program, has participated in CEW recovery since January 1, 2005. The Administrative Office of the collector is located at 701 Ocean Street, in Santa Cruz, California. The books and records are kept at the same address. CEW collection is conducted at the facilities located at 1231 Buena Vista Drive, in Watsonville, California, and 9835 Newell Creek Road, in Ben Lomond, California. The collector provides e-waste service free of charge to the residents of Santa Cruz County. The collector's facilities are open to the public, Monday through Sunday, 7:30 a.m. to 3:30 p.m.

Santa Cruz County's client base consists of residents and businesses of Santa Cruz County. The collector's Net Cost Report states 55% of CEW recovery from residents and individuals, 31% from commercial business, and 14% from institutions.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted to determine whether Santa Cruz County complied with CEW reporting, recordkeeping, and payment requirements, as specified by the California Public Resources Code, Section 42460, et seq., and the California Code of Regulations (CCR), Title 14, Chapter 8.2.

The audit scope included, but was not limited to, an evaluation of the integrity of electronic waste recycling claims submitted to CalRecycle for payment, and an assessment of operational and regulatory compliance by the participant.

The audit was conducted in accordance with *Government Auditing Standards*. The standards require that the audit was planned and performed to obtain sufficient and appropriate evidence to provide a reasonable basis for the finding(s), if any, and conclusion based on the audit objective.

CONCLUSION

The audit disclosed an instance of noncompliance with the requirement outlined above. This instance is described in the accompanying Finding and Recommendation section of this report.

VIEW OF RESPONSIBLE OFFICIAL

CalRecycle issued a draft report on July 28, 2010. Jeffrey Smedberg, Recycling Program Coordinator, responded to the report and agreed with the finding disclosed.

RESTRICTED USE

This report is intended for the information and use of CalRecycle and Santa Cruz County management. However, this report is a matter of public record, and distribution is not limited.

FINDING AND RECOMMENDATION

Finding: Incomplete Collection Logs

Santa Cruz County does not enter the number of units on the 2008 collection logs. The logs reflect CEW collected from the Ben Lomond Transfer Station, located at 9835 Newell Creek Road, in Ben Lomond, California.

Title 14, CCR, Section 18660.20(j)(1)(A) states, "In addition to the general record keeping requirements in Section 18660.8 of this Chapter, an approved recycler shall maintain the following records:

(1) A collection log containing:

(A) For each collection activity or event that results in CEW transferred to the approved collector, a brief written description of the collection activity or event, including the type of California sources targeted for collection, the date and location the activity or event occurred, the number of CEW collected, and an estimate of the weight of CEW collected."

Failure to record the number of units on the collection logs may result in revocation of approval or denial of claims submitted to CalRecycle by Santa Cruz County.

Recommendation

Santa Cruz County should ensure that the collection logs are completed correctly in accordance with the stated regulation above.

Auditee's Response

The auditee agrees with the finding and recommendation.

CalRecycle's Comment

Based on the auditee's response, the finding has been resolved.



JOHN J. PRESLEIGH
DIRECTOR OF PUBLIC WORKS

County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060-4070
(831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

September 10, 2010

GLADYS ONEJEME, AUDITOR
Department of Resources Recycling and Recovery
P.O. Box 4025, MS 19A
Sacramento, CA 95812-425

SUBJECT: RESPONSE TO AUDIT FINDING

Dear Ms. Onejeme:

From June 16 through June 18, 2010, you conducted an audit of the participation in the Covered Electronic Waste Recovery and Recycling Program by Santa Cruz County, an Approved Collector with identification number CEWID 100946. The period of review for this audit was January 1 through December 31, 2008. Your audit resulted in a finding that the County kept incomplete Collection Logs. Specifically the audit identified that Collection Logs maintained at the Ben Lomond Transfer Station were missing the number of Covered Electronic Waste (CEW) units collected and shipped from that facility.

Your audit found no such error in the Collection Logs maintained at the County's Buena Vista Landfill collection site, also covered by the same CEWID number. At that site, from the beginning of the County's participation in the state e-waste recycling program, staff has kept a rigorous count of CEW units collected and regularly enters the appropriate number on the shipping documents.

In response to your audit finding, the County of Santa Cruz Public Works Department, which operates the e-waste recycling program, revised its procedures at the end of June, 2010, and adjusted staffing responsibilities at the Ben Lomond Transfer Station so that accurate unit counts are now conducted for every CEW shipment from that site. Beginning with the shipment on July 13, 2010, Collection Logs completed at the Ben Lomond Transfer Station now indicate the number of CEW units, as required by law.

If you have any questions about our actions taken in response to your audit finding, please contact Jeffrey Smedberg at (831) 454-2373.

Yours truly,

JOHN J. PRESLEIGH
Director of Public Works

By:



Kasey Kolassa
Recycling and Solid Waste
Services Manager

JS:lh

